

MINUTES OF THE SPECIAL MEETING AND PUBLIC HEARING
OF THE
BOARD OF DIRECTORS
OF THE
EL TORO WATER DISTRICT
June 16, 2025

President Gaskins called the Special Meeting of the Board of Directors of the EL TORO WATER DISTRICT to order at 7:30 a.m.

Vice President Freshley led the Pledge of Allegiance to the flag.

Directors MIKE GASKINS, KATHRYN FRESHLEY, MARK MONIN (Zoom), KAY HAVENS, WYATT MCCLEAN, and participated.

Also present were DENNIS P. CAFFERTY, General Manager, GILBERT J. GRANITO, General Counsel, MICHAEL COLANTUONO, Special Counsel (Zoom), HANNAH FORD, Director of Engineering, VISHAV SHARMA, CFO (Zoom), JUDY CIMORELL, Director of Human Resources, SHERRI SEITZ, Public Affairs Manager, VU CHU, Water Use Efficiency Analyst (Zoom), CAROL MOORE, City of Laguna Woods (Zoom), DARRELL CHENG, Member of the Public (Zoom), and MARISOL MELENDEZ, Recording Secretary.

Determination of a Quorum

Director Monin participated in the meeting via teleconferencing as noted in today's agenda and the remaining Board Members were present. Therefore, a Quorum, was determined.

Oral Communications/Public Comments

There were no comments.

Items Received Too Late to be Agendized

President Gaskins asked if there were any items received too late to be agendized. Mr. Cafferty replied no.

Increases to Certain Water, Sewer and Recycled Water Service Rates and Charges

Mr. Cafferty stated that the District is proposing increases to certain water, sewer, and recycled water service rates and charges some of which were identified in the Proposition 218 Notice published this year and some were carried over from the Proposition 218 Notice published in 2023. The notice of today's Public Hearing and the proposed increases to the water, sewer, and recycled water rates and charges were provided by direct mail to all of the District's customers within the service area through the Proposition 218 Notice. The Proposition 218 Notice was also available on the District's website, notice of availability of the Proposition 218 Notice was provided on bill inserts, and in the District's newsletter. The customer notices were prepared in strict compliance with the Proposition 218 requirements, including the 45-day notice and describe the property or parcel owner procedure for registering a formal protest for proposed rate increase actions. The notice stated that any written protest that specified grounds for alleged non-compliance with the California Constitution or other applicable law for the increased rates and protests must be submitted prior to the end of the Public Hearing and failure to protest in writing bars any right to challenge that rate or to challenge them in court at a later date. The District also scheduled and conducted two community information meetings to engage the public regarding the proposed rate increases.

Mr. Granito stated that the purpose of today's Public Hearing is being held pursuant to the procedural requirements of Proposition 218 and to determine if there are sufficient written protests to preclude the adoption of the proposed increases to certain

water, sewer, and recycled water service rates and charges in accordance with the District's adopted guidelines. He further reported that if there are no written protests or insufficient written protests by the end of today's Public Hearing, then the District may approve the proposed increases by the adoption of Resolution No. 25-6-1.

Mr. Cafferty stated that Raftelis Financial Consultants prepared a Rate Study for the Districts potable and recycled water commodity rate modifications which can be found on the District's website. The potable and recycled water commodity rate modifications and potable water, recycled water and private fire fixed meter O&M rate modifications for the 2025/26 fiscal year are described in the Proposition 218 Notice as well as in the revised sections of the District's Administrative Code that are included in today's Board package. The notice of the increase of the sewer O&M charges and the water, recycled water, and sewer capital charges as identified in the 2023 Proposition 218 Notice was provided on the District's website and through notices on the billing statements a minimum of 30 days in advance of the effective date. The rate study and the Proposition 218 Notice were subject to detailed legal review by Legal and Special Counsel.

President Gaskins stated that this was the time and place set for public hearing on proposed increases to certain water, sewer, and recycled water service rates and charges.

Open Public Hearing

Public Hearing Regarding Adoption of Proposed Increases to Certain Water, Sewer and Recycled Water Service Rates and Charges

At approximately 7:41 a.m. President Gaskins opened the Public Hearing.

Public Comments

Mr. Cheng expressed concern that fixed charges make it difficult for customers to control their water bill by reducing their usage. He further requested the District consider funding more of the O&M costs from the water commodity charge. Mr. Cafferty reported that Mr. Cheng had made similar comments at both Community Information Meetings. Mr. Cafferty noted that he understands and appreciates Mr. Cheng's comment and had expressed to Mr. Cheng the challenges associated with funding fixed costs from variable revenues.

Vice President Freshley acknowledged Mr. Cheng's concerns and noted that many utilities face challenges maintaining aging infrastructure while ensuring reliable service. She explained that utilities cannot rely solely on usage-based charges and must recover costs at a minimum level of depreciation to continue investing in operations and providing consistent service.

Ms. Moore commented on the costs and challenges that local agencies face.

President Gaskins asked Mr. Cafferty if the written protests have been tabulated. Mr. Cafferty replied yes, the District received five valid written protest letters, none of which specified any grounds for alleging non-compliance with the California Constitution or other applicable law for the increased rates or charges.

Close Public Hearing

At approximately 7:53 a.m. President Gaskins closed the Public Hearing and regular session resumed.

Regular Session

Resolution No. 25-6-1 Adopting Amendments to the District's Rules and Regulations

President Gaskins stated that the individual schedules that define all of the proposed increases are included with the Resolution in the Board package.

President Gaskins asked for a Motion.

Motion: Vice President Freshley made a Motion, seconded by Director McClean to adopt Resolution No. 25-6-1 which 1) provides for an increase to certain water, sewer and recycled water service rates and charges, effective July 1, 2025, and 2) makes findings and a determination that the action taken in this Resolution is exempt from the requirements of the California Environmental Water Quality Act.

Roll Call Vote:

Director McClean	aye
Director Havens	aye
Director Monin	aye
Vice President Freshley	aye
President Gaskins	aye

Comments Regarding Non-Agenda Items

There were no comments.

Adjournment

There being no further business to come before the Board, the meeting was adjourned at approximately 7:56 a.m.

Respectfully submitted,



MARISOL MELENDEZ
Recording Secretary

APPROVED:



MIKE GASKINS, President of
the El Toro Water District and the
Board of Directors thereof



DENNIS P. CAFFERTY, Secretary
of the El Toro Water District and
the Board of Directors thereof